

# ANNUAL REPORT TO STOCKHOLDERS



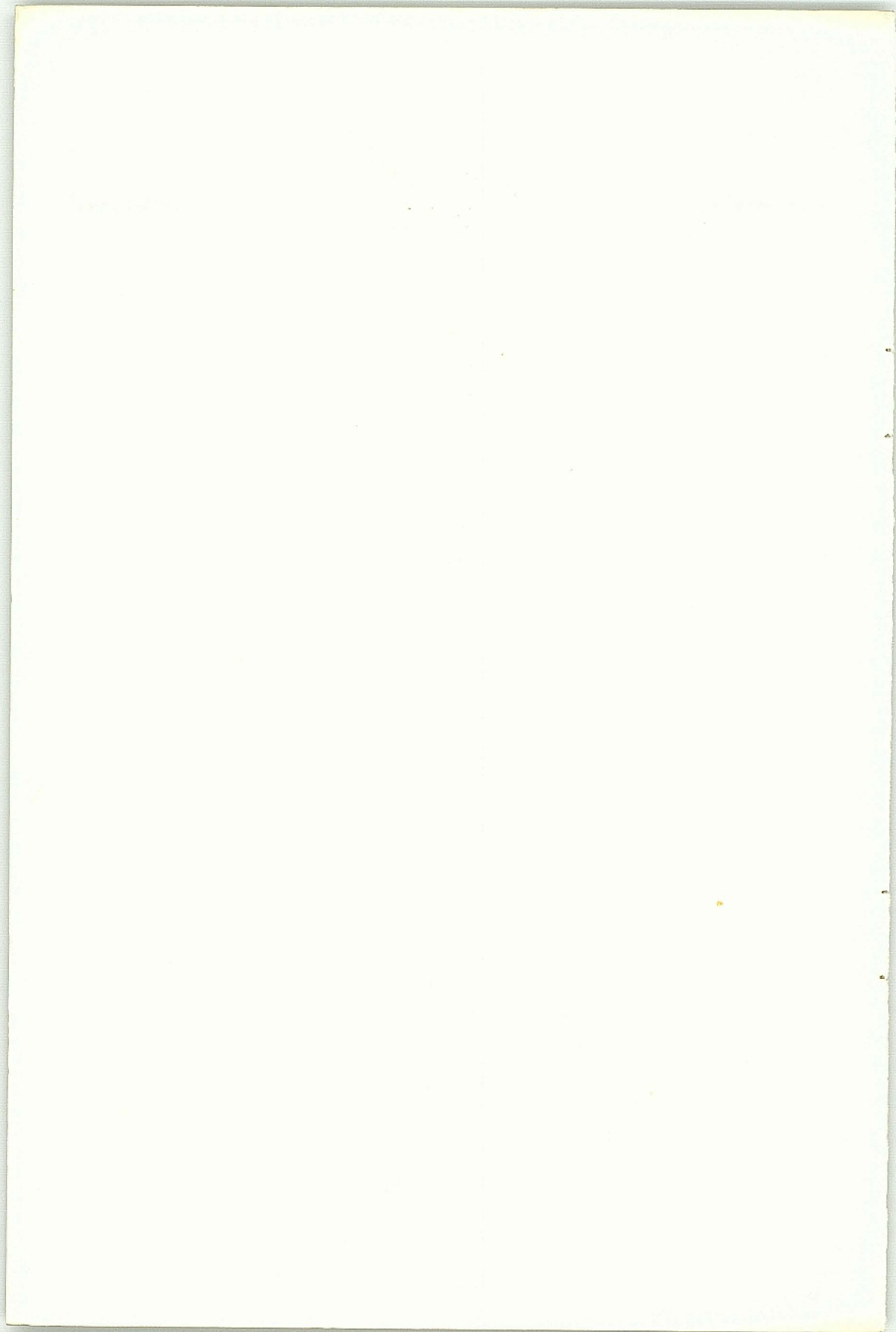
1949

THE COCA-COLA COMPANY  
BOARDS NEW YORK, NEW YORK

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ANNUAL REPORT

THE COCA-COLA COMPANY  
AND ITS SUBSIDIARIES

✱

FOR THE YEAR  
1949

# THE COCA-COLA COMPANY

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## BOARD OF DIRECTORS

HARRISON JONES, *Chairman*

|                      |                   |                             |
|----------------------|-------------------|-----------------------------|
| A. A. ACKLIN         | BERNARD F. GIMBEL | E. W. STETSON               |
| CHAS. H. CANDLER     | WILLIAM J. HOBBS  | D. A. TURNER                |
| R. R. DEUPREE        | J. P. ILLGES      | C. A. WICKERSHAM (deceased) |
| S. C. DOBBS          | WINSHIP NUNNALLY  | GEO. W. WOODRUFF            |
| MRS. LETTIE P. EVANS | HUGHES SPALDING   | R. W. WOODRUFF              |

## EXECUTIVE COMMITTEE

R. W. WOODRUFF, *Chairman*

|                  |               |                             |
|------------------|---------------|-----------------------------|
| CHAS. H. CANDLER | E. W. STETSON | C. A. WICKERSHAM (deceased) |
| HUGHES SPALDING  | D. A. TURNER  | GEO. W. WOODRUFF            |

A. A. ACKLIN, *Chairman, Advisory Committee*

## OFFICERS

|                            |                       |
|----------------------------|-----------------------|
| WILLIAM J. HOBBS . . . . . | <i>President</i>      |
| FELIX W. COSTE . . . . .   | <i>Vice President</i> |
| W. R. FELTON . . . . .     | <i>Vice President</i> |
| EDGAR J. FORIO . . . . .   | <i>Vice President</i> |
| R. C. FOWLER . . . . .     | <i>Vice President</i> |
| B. NEAL HARRIS . . . . .   | <i>Vice President</i> |
| O. E. MAY . . . . .        | <i>Vice President</i> |
| H. B. NICHOLSON . . . . .  | <i>Vice President</i> |
| HAROLD S. SHARP . . . . .  | <i>Vice President</i> |
| JOHN C. STATON . . . . .   | <i>Vice President</i> |
| T. CARL THOMPSON . . . . . | <i>Vice President</i> |
| E. LEE TALMAN . . . . .    | <i>Treasurer</i>      |
| JOHN D. GOODLOE . . . . .  | <i>Secretary</i>      |

## COUNSEL

POPE F. BROCK

## TRANSFER AGENTS

WILMINGTON TRUST COMPANY  
*Wilmington, Delaware*

GUARANTY TRUST COMPANY OF NEW YORK  
*New York, N. Y.*

## REGISTRARS

EQUITABLE TRUST COMPANY  
*Wilmington, Delaware*

CHASE NATIONAL BANK  
*New York, N. Y.*

THE COCA-COLA COMPANY  
NEW YORK, NEW YORK

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March 15, 1950

TO STOCKHOLDERS OF  
THE COCA-COLA COMPANY

Submitted herewith are the financial statements for 1949. Net profit applicable to common stock, after taxes, Class "A" dividends, reserves and all other charges, was \$35,990,927.

Improved net earnings reported this year resulted largely from reduced expenses and greater operating efficiency and from increased sales outside the United States. For the past several years an increasing proportion of net profits has been realized from subsidiaries, and operations outside the United States. In 1949 these sources accounted for more than one-third of consolidated net profit.

The reserve for contingencies and miscellaneous operations, shown in former balance sheets, has been allocated for specific purposes in the current balance sheet. This allocation and the changes in the reserves during 1949 are explained in the accompanying financial statements. As a result of this reserve policy the profits of certain foreign operations are included in consolidated net profit only to the extent actually remitted to the Company in U. S. dollars.

Over 80 per cent of the outstanding Class "A" stock has been exchanged during 1950 for common stock under the plan of recapitalization approved by stockholders in December. The exchange period has been extended to May 3, 1950.

The annual meeting of the stockholders of the Company will be held at 11:00 A.M. on Monday, May 1, 1950, at 100 West Tenth Street, Wilmington, Delaware. Notice for this meeting and proxies will be separately mailed to stockholders.

Respectfully submitted,  
WILLIAM J. HOBBS,  
*President.*

HARRISON JONES,  
*Chairman, Board of Directors.*



# CONSOLIDATED THE COCA-COLA COMPANY AND I

December

## ASSETS

### CURRENT:

|                                       |                      |                  |
|---------------------------------------|----------------------|------------------|
| Cash on deposit and on call . . . .   | \$23,520,948.36      |                  |
| Government securities—at cost:        |                      |                  |
| United States and Canadian—           |                      |                  |
| (market value \$23,661,616.50) . .    | 23,651,816.25        |                  |
| Accounts receivable—Trade—            |                      |                  |
| (less allowance of \$182,182.76) . .  | 15,231,704.97        |                  |
| Inventory—Merchandise—                |                      |                  |
| (priced at lower of cost or market) . | <u>38,301,393.12</u> | \$100,705,862.70 |

### OTHER INVESTMENTS AND OTHER ASSETS:

|   |                     |              |
|---|---------------------|--------------|
| Security investments—at cost—           |                     |              |
| (market value \$728,133.75) . . . .     | \$ 531,075.53       |              |
| Other receivables and miscellaneous . . | <u>6,239,958.63</u> | 6,771,034.16 |

### PROPERTY, PLANT AND EQUIPMENT—at cost:

|                                   |                      |
|-----------------------------------|----------------------|
| Land . . . . .                    | \$ 3,844,278.48      |
| Buildings . . . . .               | 28,413,017.44        |
| Machinery and equipment . . . . . | 40,577,779.51        |
| Containers . . . . .              | <u>14,053,919.67</u> |
|                                   | \$86,888,995.10      |

|                                       |                      |               |
|---------------------------------------|----------------------|---------------|
| Less allowance for depreciation . . . | <u>26,625,580.30</u> | 60,263,414.80 |
|---------------------------------------|----------------------|---------------|

|  |               |
|--|---------------|
| FORMULAE, TRADE-MARK AND GOODWILL—at cost. . . | 38,816,669.95 |
|--|---------------|

|                            |                         |
|----------------------------|-------------------------|
| DEFERRED CHARGES . . . . . | <u>3,062,608.00</u>     |
|                            | <u>\$209,619,589.61</u> |

The notes on page 7 constitute a

# BALANCE SHEET

## TS CONSOLIDATED SUBSIDIARIES

31, 1949

### LIABILITIES

#### CURRENT:

|   |                  |                         |
|---|------------------|-------------------------|
| Accounts payable and accrued accounts . . . . .   | \$ 12,538,348.58 |                         |
| Notes payable by subsidiaries . . . . .           | 1,295,060.61     |                         |
| Accrued taxes—including taxes on income . . . . . | \$27,041,973.59  |                         |
| Less U. S. Treasury tax notes . . . . .           | 17,877,915.13    | 9,164,058.46            |
|   |                  | <u>\$ 22,997,467.65</u> |

|   |              |
|---|--------------|
| OTHER NOTES PAYABLE BY SUBSIDIARIES . . . . . | 3,905,790.50 |
|---|--------------|

#### RESERVES:

|  |                 |               |
|--|-----------------|---------------|
| For unremitted foreign profits . . . . . | \$20,682,895.67 |               |
| For Employees' Retirement Plan . . . . . | 5,239,926.67    | 25,922,822.34 |

|  |            |
|--|------------|
| MINORITY INTERESTS IN SUBSIDIARIES . . . . . | 842,140.83 |
|--|------------|

#### CAPITAL STOCK:

Class "A"—no par value:

|   |                 |
|---|-----------------|
| \$3.00 preference cumulative dividends,<br>callable at \$52.50 per share, authorized<br>1,000,000 shares, outstanding<br>600,000 shares . . . . . | \$ 3,000,000.00 |
|---|-----------------|

Common—no par value:

|                      |                  |                        |
|----------------------|------------------|------------------------|
| Authorized . . . . . | 5,000,000 shares |                        |
| Issued . . . . .     | 4,113,665 shares | 25,710,406.25          |
|                      |                  | <u>\$28,710,406.25</u> |

|                           |              |
|---------------------------|--------------|
| CAPITAL SURPLUS . . . . . | 1,820,551.37 |
|---------------------------|--------------|

|                          |                |
|--------------------------|----------------|
| EARNED SURPLUS . . . . . | 125,740,898.18 |
|--------------------------|----------------|

\$156,271,855.80

|   |            |                                |
|---|------------|--------------------------------|
| Less 4,827 shares of common stock<br>owned by Company—at cost . . . . . | 320,487.51 | 155,951,368.29                 |
|   |            | <u><u>\$209,619,589.61</u></u> |

an integral part of this statement.

CONSOLIDATED PROFIT AND LOSS STATEMENT  
THE COCA-COLA COMPANY AND ITS CONSOLIDATED SUBSIDIARIES  
Year ended December 31, 1949

|   |                  |                  |
|---|------------------|------------------|
| GROSS PROFIT . . . . .  |                  | \$127,681,070.08 |
| EXPENSES  |                  |                  |
| Selling, administrative and general . . . . .                                     | 61,940,981.95    |                  |
| OPERATING PROFIT . . . . .  | \$ 65,740,088.13 |                  |
| Other deductions . . . . .  | \$5,334,772.47   |                  |
| Less other income . . . . .   | 3,136,682.46     | 2,198,090.01     |
| PROFIT BEFORE TAXES ON INCOME . . . . .   | \$ 63,541,998.12 |                  |
| Provision for taxes on income—estimated . . . . .                                 | 25,494,000.00    |                  |
|   |                  | \$ 38,047,998.12 |
| Less portion of subsidiary earnings<br>applicable to minority interests . . . . . |                  | 257,070.85       |
| NET PROFIT . . . . .  | \$ 37,790,927.27 |                  |

CONSOLIDATED EARNED SURPLUS ACCOUNT  
THE COCA-COLA COMPANY AND ITS CONSOLIDATED SUBSIDIARIES  
Year ended December 31, 1949

|   |                         |
|---|-------------------------|
| Balance—December 31, 1948 . . . . .                       | \$114,401,719.91        |
| Net profit for the year ended December 31, 1949 . . . . . | 37,790,927.27           |
|   | <u>\$152,192,647.18</u> |

|  |                        |                         |
|--|------------------------|-------------------------|
| DEDUCTIONS   |                        |                         |
| Dividends paid in cash:  |                        |                         |
| CLASS "A":   |                        |                         |
| June 30, 1949—\$1.50 per share . . . . .                                 | \$ 900,000.00          |                         |
| Dec. 14, 1949—\$1.50 per share . . . . .                                 | 900,000.00             | \$ 1,800,000.00         |
| COMMON:  |                        |                         |
| Mar. 31, 1949—\$1.00 per share . . . . .                                 | \$ 4,113,665.00        |                         |
| June 30, 1949—\$1.00 per share . . . . .                                 | 4,113,665.00           |                         |
| Sept. 30, 1949—\$1.00 per share . . . . .                                | 4,113,665.00           |                         |
| Dec. 14, 1949—\$1.00 per share . . . . .                                 |                        |                         |
| plus \$2.00 per share additional . . . . .                               | 12,340,995.00          |                         |
|  | <u>\$24,681,990.00</u> |                         |
| Less dividends on common stock<br>owned by Company during year . . . . . | 30,241.00              | 24,651,749.00           |
| TOTAL DIVIDENDS PAID . . . . .   |                        | <u>26,451,749.00</u>    |
| EARNED SURPLUS—DECEMBER 31, 1949 . . . . .                               |                        | <u>\$125,740,898.18</u> |

The notes on page 7 constitute an integral part of these statements.



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## NOTES TO FINANCIAL STATEMENTS

### CONSOLIDATED BALANCE SHEET:

1. *Capital Stock.* As of December 31, 1949, the Company had offered, for a limited period in 1950, to issue one share of common stock in exchange for each three shares of Class "A" stock, upon condition that not less than 50% of the outstanding Class "A" stock be submitted for exchange.

2. *Goodwill and Capital Surplus.* During the year the formulae, trade-mark and goodwill account was increased in the amount of \$1,578,406.75 and the capital surplus account was decreased in the amount of \$1,895,799.35. These changes resulted principally from the Company's acquisition of additional capital stock in majority-owned subsidiaries.

3. *Reserves.* In order to show the specific purposes for which the reserves provided in prior years are to be used, such reserves have been reclassified into two accounts: reserve for unremitted foreign profits and reserve for employees' retirement plan. During the year additions to the reserves were made in the amounts stated in Note 6 below. Deductions during the year from the reserves were: \$2,095,725.81 from the reserve for unremitted foreign profits to cover foreign exchange losses applicable to prior years; and \$552,661.23 from the reserve for employees' retirement plan, the amount funded during the year.

4. *Foreign Operations.* The accounts of subsidiaries and branches operating in foreign countries, consolidated in this balance sheet, consist of: current assets, \$26,470,937.88 (including foreign currencies and foreign government securities aggregating \$14,530,994.87); property, plant and equipment at depreciated cost, \$17,735,035.10; other assets, \$2,203,569.75; and liabilities, \$11,578,046.79. Fixed assets are stated at rates of exchange prevailing at dates of acquisition and all other assets at rates of exchange prevailing at December 31, 1949. Unremitted profits of such subsidiaries and branches, consolidated herein, are included as follows: \$20,682,895.67 in the reserve for unremitted foreign profits and \$3,464,754.21 in earned surplus.

### CONSOLIDATED PROFIT AND LOSS STATEMENT:

5. *Depreciation.* Provision for depreciation in the amount of \$5,546,349.20 was charged to manufacturing and other expenses.

6. *Other Deductions.* Other deductions include interest paid \$343,164.44, foreign exchange losses applicable to current year \$388,840.63, addition to reserve for unremitted foreign profits \$2,696,098.11, and addition to reserve for employees' retirement plan \$78,559.38.

7. *Unremitted Foreign Profits.* Consolidated net profit includes profits, not reserved for, of companies operating in foreign countries of \$1,336,748.15 in excess of dividends from such companies remitted to The Coca-Cola Company.

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# ERNST & ERNST

ACCOUNTANTS AND AUDITORS

SYSTEM SERVICE

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TO THE BOARD OF DIRECTORS  
THE COCA-COLA COMPANY  
NEW YORK, NEW YORK

We have examined the consolidated balance sheet of THE COCA-COLA COMPANY and its consolidated subsidiaries as of December 31, 1949, and the related statements of profit and loss and surplus for the year then ended. Our examination of the Company and its domestic subsidiaries was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. Statements of foreign subsidiaries consolidated herein were furnished to us as certified by other independent accountants.

In our opinion, based upon our examination and the statements of foreign subsidiaries consolidated, above referred to, the accompanying balance sheet and related statements of profit and loss and surplus present fairly the position of THE COCA-COLA COMPANY and its consolidated subsidiaries at December 31, 1949, and the consolidated results of their operations for the year then ended, in conformity with generally accepted accounting principles, applied on a basis consistent with that of the preceding year.

ERNST & ERNST  
*Certified Public Accountants*

March 10, 1950

